



1 CONTRACT OF SALE

2 THIS CONTRACT made and entered into this 11th day of
 3 , 1979, between FRANCES O'CONNOR ENTERPRISES, INC., a
 4 corporation, hereinafter called Seller, and JAMES B. O'CONNOR, Trustee
 5 for James B. O'Connor, John D. O'Connor, Mary O'Connor and Violet
 6 Fitzgerald, hereinafter called Buyer;

7 W I T N E S S E T H:

8 In consideration of the mutual covenants and agreements
 9 herein contained, Seller agrees to sell to Buyer, and Buyer agrees
 10 to purchase from Seller, all of the following described real property
 11 situated in Klamath County, State of Oregon, more particularly des-
 12 cribed as follows:

13 All of Section 18; W $\frac{1}{2}$ W $\frac{1}{2}$ Section 17; E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$,
 14 SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7; NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$
 15 of Section 8; All Township 35 South, Range 14
 16 East of the Willamette Meridian; Saving and
 excepting those portions deeded to Klamath
 County for road purposes.

17 Subject to:

18 1. Acreage and use limitations under United States
 19 Statutes and regulations and provisions thereunder.

20 2. Liens and assessments of Klamath Project and the
 21 Klamath Irrigation District, and regulations, contracts, easements
 22 and water and irrigation rights in connection therewith.

23 3. Reservations and restrictions as disclosed in deed from
 24 United States of America to O'Connor Livestock Company, recorded in
 25 Microfilm records M-71 on page 6323, records of Klamath County, Oregon,
 26 as follows: "Excepting and reserving to the United States from the

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lands so granted: 1) A right-of-way thereon for ditches or canals constructed by the authority of the United States Act of August 30, 1890, 26 Stat. 391; 43 U.S.C. 945; and 2) All minerals, including coal, oil and gas in the said N $\frac{1}{2}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 17; N $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 18 of T. 33 S., R. 14 E.; and Lot 4, NE $\frac{1}{4}$, and E $\frac{1}{2}$ SW $\frac{1}{4}$ of Sec. 7, T.35 S., R. 14 E., Will. Mer., Oregon, and to it, or persons authorized by it, the right to prospect for, mine and remove such deposits from the same under applicable law."

4. Right of Way, including the terms and provisions thereof, recorded July 1, 1971, in Microfilm records M-71 on page 6862, records of Klamath County, Oregon, given by O'Connor Livestock Company to Klamath County.

5. Agreement, including the terms and provisions thereof, dated November 22, 1971, recorded November 22, 1971 in Volume M-71 on page 12334, between O'Connor Livestock Company and Klamath County.

6. Mineral Rights reserved as disclosed by Deed from O'Connor Livestock Company to Frances O'Connor Enterprises, Inc., Microfilm records M-74 on page 6300 and Deed from O'Connor Livestock Company to David R. Vandenberg, Jr., and Muriel M. Vandenberg, Microfilm records M-74 on page 6307, records of Klamath County, Oregon.

Seller does hereby covenant and agree with Buyer that Seller shall assume and pay and hold Buyer harmless therefrom, any and all mortgages which may presently exist against the above-described real property, which said mortgages may include other real property in addition to the above-described premises. Seller does also hereby covenant and agree with Buyer that upon such time as

1 Buyer exercising any of the partial release rights as are referred
2 to below, Seller shall obtain releases of those individual lots from
3 any mortgages presently covering said premises.

4 Purchase Price: Purchase price of the above-described
5 real property is FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00)
6 payable as follows: No down payment. It is hereby acknowledged and
7 agreed that it is the intention of Buyer to subdivide the above-
8 described premises and to sell the individual lots contained therein.
9 Interest shall run on the remaining balance at the rate of seven and
10 one-half percent (7½%) per annum. However, no interest shall accumu-
11 late until such time as the above-referred to lots are ready for
12 sale and the first sale has been consummated; or, until a period of
13 twelve (12) months from the date of this contract; but in no event
14 shall interest abate for more than twelve (12) months from the date
15 of this contract. Following that time, interest shall run at the
16 rate of seven and one-half percent (7½%) per annum, with payments to
17 be made on interest as well as principal as follows: Buyer agrees
18 to make payments of not less than fifty percent (50%) of the gross
19 down payments received from Buyer's sale of lots contained upon the
20 above premises. Said payments are to be made to Seller at the time
21 of the closing of any such sales. Buyer further agrees that monthly
22 payments will be made to Seller in an amount equal to not less than
23 fifty percent (50%) of the contract payments received by Buyer's
24 sales. Buyer may at its discretion contribute more than fifty percent
25 (50%) of the gross down payments and fifty percent (50%) of the monthly
26 payments received. All payments shall be applied first to any accumu-

1 lated interest with the balance to be applied towards the principal.
2 Once the interest does commence to accumulate, as is referred to above,
3 it shall continue to run at the rate of seven and one-half percent
4 (7½%) per annum on the remaining balance, until the contract be paid
5 in full.

6 It is hereby acknowledged and agreed that the above-described
7 premises are not yet ready for sale in that the final plat has not
8 yet been filed and that certain recording requirements for the State
9 of Oregon have not been completed, as well as various items of paper
10 work which may be completed prior to the commencement of sale. Buyer
11 does hereby agree to assume the responsibility and expense of completing
12 the preparation of the above-described premises for sale.

13 Partial Releases: Seller and Buyer do hereby covenant and
14 agree that Buyer shall be entitled to partial releases on each individual
15 lot contained in the above-described real property. In order for Buyer
16 to obtain a partial release, Buyer shall be required to pay over to
17 Seller the full amount of any pay-off figure received by Buyer from
18 any subsequent purchaser of a lot or lots, which said pay-off figure
19 shall be applied toward the remaining balance owed to Seller by Buyer.
20 Also, Buyer shall be entitled to a partial release only in the event
21 that there has been contributed towards principal for the particular
22 lot in question a sum no less than Twelve Thousand and No/100 Dollars
23 (\$12,000.00).

24 No Pre-payment Penalty: Buyer may pay the full remaining
25 balance off, including any principal owed and any accumulated interest
26 thereon at any time, without pre-payment penalty.

1 Collection Escrow: Seller and Buyer do hereby agree to
2 place this sales contract into escrow at Frontier Title & Escrow
3 Company, 2938 South 6th Street, Klamath Falls, Oregon, and do also
4 hereby agree to prepare and sign collection escrow instructions
5 covering the collection and disbursement of funds referred to above,
6 and also do hereby agree that Seller shall prepare and execute any
7 and all necessary documents to enable the partial release of individual
8 lots to Buyer upon such time as Buyer is in a position to enforce the
9 above clause relating to partial releases. It is also hereby agreed
10 that along with this contract of sale, which shall be recorded, that
11 Seller shall also deposit in escrow a Bargain and Sale Deed covering
12 the above-described premises, which said deed may be released to
13 Buyer upon such time as the full price of \$500,000.00 plus any
14 interest accumulated thereon be paid.

15 The parties hereto agree that in regard to any further
16 permits and/or approvals which may be required in reference to the
17 lots located on the above-described premises, that the responsibility
18 of obtaining those permits and approvals, if any, shall rest with
19 Buyer.

20 Buyer does hereby agree to pay all closing costs and legal
21 fees incurred for the preparation of the sale documents, including
22 this contract, as well as escrow instructions and deed, and does
23 also agree to assume and pay any and all costs involved in the
24 preparation of partial release documents as well as any escrow
25 costs, if any, incurred therein.

26 Title Insurance: It is hereby agreed that Seller will not

1 be required to provide title insurance to Buyer at the closing of
2 this agreement. It is agreed, however, as part of the paragraph
3 referring to partial releases above, that upon such time as Buyer
4 may consummate a sale or sales to subsequent purchasers of a lot or
5 lots contained on the above-described premises, that Seller shall
6 execute and deliver into escrow any and all documents necessary to
7 assure that each lot or lots being sold by Buyer may be partially
8 released and to satisfy any and all requirements of the Real Estate
9 Commission for the State of Oregon relating to subdivision regulations.

10 General Terms: Taxes for the current tax year shall be
11 pro-rated between the parties hereto as of the date of this contract.
12 Buyer, in consideration of the premises, hereby agrees to pay all
13 taxes hereafter levied, and all public and municipal liens and assess-
14 ments hereafter lawfully imposed upon said premises, all promptly and
15 before the same or any part thereof become past due. Seller agrees
16 that when the purchase price referred to above is fully paid and upon
17 request, he will deliver a good and sufficient Bargain and Sale Deed
18 conveying said premises in fee simple unto Buyer, his heirs and assigns,
19 free and clear of any encumbrances as of the date hereof, and free and
20 clear of all encumbrances since date, place, permitted or arising by,
21 through or under Seller, excepting however, the exceptions referred to
22 in this contract and except for easements and restrictions and taxes,
23 liens and encumbrances created by Buyer or his assigns.

24 In case Buyer shall fail to make the payments aforesaid,
25 punctually and upon the strict terms and times above specified, or
26 fails to keep any of the other terms or conditions of this agreement,

1 time of payment and strict performance being declared to be of the
2 essence of this contract, then Seller shall have the following rights:

- 3 1. To declare this contract null and void;
- 4 2. To declare the whole unpaid principal balance of
5 said purchase price with the interest thereon at once due and
6 payable; and/or
- 7 3. To foreclose this contract by suit in equity.

8 In any such case, all the right or interest hereby created or then
9 existing in favor of the Buyer derived under this agreement, shall
10 utterly cease and determine, and the premises aforesaid shall revert
11 and revest in the Seller without any declaration of forfeiture or
12 act of re-entry, or without any other act by Seller to be performed,
13 and without any right of the Buyer of reclamation or compensation for
14 money paid or for improvements made, as absolutely fully and perfectly
15 as if this agreement had never been made.

16 In case suit or action is instituted to foreclose this
17 contract or to enforce any of the provisions thereof, Seller and Buyer
18 do hereby agree to such sum as the trial court may adjudge reasonable
19 as attorney's fees to be allowed the prevailing party in such suit or
20 action; and if an appeal is taken from any judgment or decree of any
21 such trial court, the parties further promise to pay such sum as the
22 appellate court may adjudge reasonable as the prevailing party's
23 attorney's fees on such appeal.

24 Each party further agrees that failure of the other party
25 at any time to require performance by the other party of any provision
26 hereof shall in no way affect that party's rights hereunder to enforce

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the same, nor shall any waiver by said parties of any breach of any provision hereof be held to be a waiver of any succeeding breach thereof, or as a waiver of the breach itself.

IN WITNESS WHEREOF, the parties have executed this agreement.

SELLER:

FRANCES O'CONNOR ENTERPRISES, INC.

by

James B O'Connor
James B. O'Connor, President

BUYER:

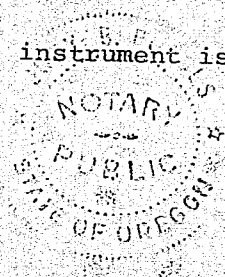
James B O'Connor
JAMES B. O'CONNOR as Trustee for
James B. O'Connor, John D. O'Connor,
Mary O'Connor and Violet Fitzgerald

STATE OF OREGON)
) ss:
County of Klamath)

Personally appeared James B. O'Connor, on this 11th day of Sept., 1979, who, being first duly sworn, did say that he is the President of Frances O'Connor Enterprises, Inc., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of the board of directors of said corporation, and he did acknowledge that said

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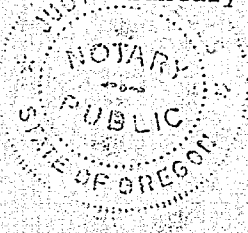
instrument is said corporation's voluntary act and deed. Before me:



Judy Blubaugh
Notary Public for Oregon
My Commission Expires: 8-23-81

STATE OF OREGON)
County of Klamath) ss:

Personally appeared James B. O'Connor, on this 11th day of
Sept., 1979, who, being first duly sworn, did say that he is the
Trustee for James B. O'Connor, John D. O'Connor, Mary O'Connor and
Violet Fitzgerald, and acknowledged the foregoing instrument to be
his voluntary act and deed. Before me:



Judy Blubaugh
Notary Public for Oregon
My Commission Expires: 8-23-81

Return to: Frontier Title & Escrow Co.
2938 S. Sixth St.
Klamath Falls, Or. 97601

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Frontier Title & Escrow Co.

this 12th day of September A. D. 1979 at 12:12 clock P M., ar-
tfully recorded in Vol. N79, of Deeds on Page 21725

Wm D. MILNE, County Clerk

By Deborah Whitcho

Fee \$31.50